



Catalogue no. 11-621-MIE — No. 060

ISSN: 1707-0503

ISBN: 978-0-662-46417-4

Analytical Paper

Analysis in Brief

Retailers Competing for Market Share: 2006 Retail Sales in Review

by Abdulelah Mohammed

Distributive Trades Division
11th Floor, Jean Talon Building, Ottawa, K1A 0T6

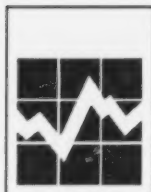
Telephone: 1-800-263-1136



Statistics
Canada

Statistique
Canada

Canada



Retailers Competing for Market Share: 2006 Retail Sales in Review

Abdulelah Mohammed

Review Committee: Lucy Chung, Richard Evans, Serge Grenier, John Flanders,
Penny Hope-Ross, Bruno Morin, and Paula Thomson

Editor: Christian Houle

Managing Editor: Yvan Gervais

Production: Debi Soucy

July 2007

Catalogue No: 11-621-MIE2007060

ISSN: 1707-0503

ISBN: 978-0-662-46417-4

Frequency: Occasional

Ottawa

How to obtain more information:

National inquiries line: 1 800 263-1136

E-Mail inquiries: analysisinbrief-analyseenbref@statcan.ca

Published by authority of the Minister responsible for Statistics Canada

© Minister of Industry, 2007

All rights reserved. The content of this electronic publication may be reproduced, in whole or in part, and by any means, without further permission from Statistics Canada, subject to the following conditions: that it be done solely for the purposes of private study, research, criticism, review or newspaper summary, and/or for non-commercial purposes; and that Statistics Canada be fully acknowledged as follows: Source (or "Adapted from", if appropriate): Statistics Canada, year of publication, name of product, catalogue number, volume and issue numbers, reference period and page(s). Otherwise, no part of this publication may be reproduced, stored in a retrieval system or transmitted in any form, by any means—electronic, mechanical or photocopy—or for any purposes without prior written permission of Licensing Services, Client Services Division, Statistics Canada, Ottawa, Ontario, Canada K1A 0T6.

Note of appreciation

Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

Retailers Competing for Market Share: 2006 Retail Sales in Review

Abdulelah Mohammed, Distributive Trades Division

Summary

Canada's retailers enjoyed healthy growth rates in all major commodity groups in 2006, and in fact, total sales last year matched their peak year-over-year gain during the last nine years. But retailers, many of whom have been offering increasingly diverse product lines for the past few years, also kept up their fierce competition for the consumer's dollar, even during this good year.

Total retail sales last year increased 6.4% from 2005, identical to the growth rate in 2002, which was the fastest increase since this data series began in 1998. Last year's sales hit \$390.6 billion, the equivalent of \$11,974 in spending by each Canadian on a per-capita basis.¹

Food stores still dominated the sales of food and beverages. However, general merchandise stores fed more Canadians than ever last year, drawing valuable market share from supermarkets in the retail sales of food and beverage products.

Food and beverage stores lost ground in the sale of many other commodities in 2006. For example, in the sale of health and personal care products, pharmacies and personal care stores regained much of the ground they had lost to food and beverage stores in the last few years.

On the other hand, in the clothing and footwear sector, the market share of general merchandise stores fell about three quarters of a percentage point during 2006, the equivalent of a \$228-million windfall for their competition.

Consumers continued to budget much more for gasoline in 2006. On a yearly basis, each and every Canadian spent \$1,144 on automotive fuels, oil and additives, more than double their allocation of \$528 only nine years earlier. For every \$100 spent in retail stores in 2006, consumers spent \$3.50 more on automotive fuels, oils and additives than they did in 1998, and \$2.50 less on food and beverages.

Thanks to an ongoing housing boom in many areas of Canada in 2006, sales of hardware, lawn and garden products, including lumber and other building materials, rose 9.9%, the highest growth rate of all commodity groups.

All this activity is reflected in the retail trade sector's share in the nation's total gross domestic product (GDP). In 2006, the retail sector contributed about 6.0% of GDP. It was the second largest employer in Canada, accounting for 11.0% of total employment, behind the manufacturing sector.

This study examines the growth of retail sales by commodity and the competition among retailers for market share between 2005 and 2006, using data from the Quarterly Retail Commodity Survey.

1. The Quarterly Retail Commodity Survey (QRCS) total sales are benchmarked at the trade group level to the Monthly Retail Trade Survey (MRTS) sales estimates. An exception to this is the General Merchandise Stores sector as QRCS includes the sales of department store concessions while MRTS does not. This situation explains the difference in the total sales estimates published June 26, 2007 with those in this paper.

Retail trade: Strong growth for 2006

Canada's retail trade sector comprises establishments primarily engaged in selling consumer goods and related services through stores to the general public, but also to businesses and public institutions. The two largest sectors are food and beverage and automotive, which together occupy roughly half the retail landscape in terms of sales.

Years ago food stores usually did not compete with pharmacies. Now, however, some grocery stores sell pharmaceutical drugs, as well as televisions and a host of other consumer goods in addition to food. General merchandise stores, meanwhile, have increased their sales of foodstuffs.

This wide range of activities is reflected in the retail trade sector's share of Canada's gross domestic product (GDP). In 2006, the sector contributed 6.0% of GDP. It accounted for 11.0% of total employment, second only to the manufacturing sector.

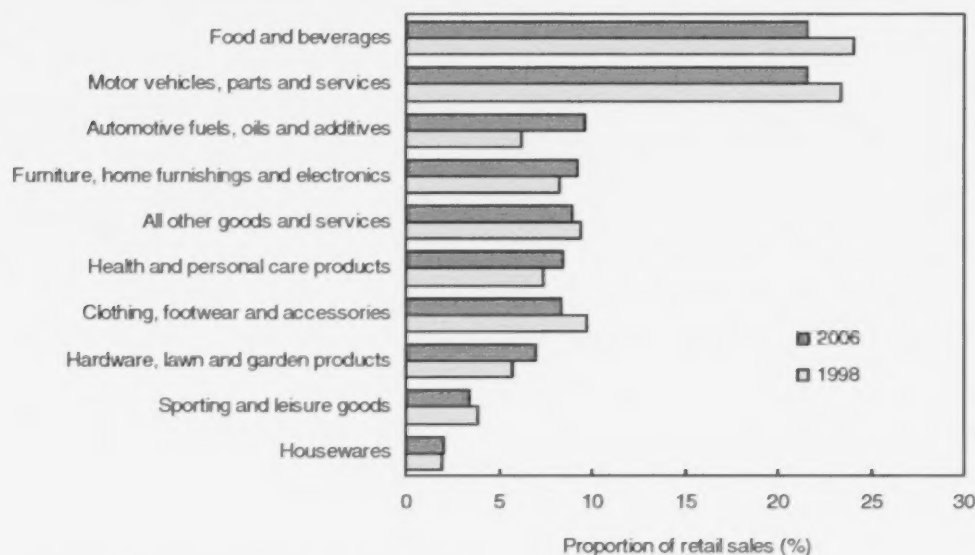
Consumer spending was the leading contributor to economic growth in 2006, advancing 4.1%. This growth rate represents the sector's best performance since 1997.² Declining prices in both durable and semi-durable goods encouraged consumers to open their pocketbooks and increase their volume of purchases compared to previous years.

Retail trade, as well as construction, wholesale trade and finance and insurance, were the main sectors contributing to GDP growth in 2006, while forestry and logging, and textile and clothing were hard hit.

In 2006, retail sales in Canada increased 6.4%, the biggest recorded year-over-year increase of the last nine years. Sales hit \$390.6 billion, the equivalent of \$11,974 for every Canadian on a per capita basis.

Low interest rates, a strong dollar, relatively favourable prices for most goods and services, ongoing job creation and a 6.2% increase in disposable income kept consumer confidence levels high in 2006. Also, the national savings rate, which is personal savings expressed as a percentage of disposable income, plunged from 4.9% in 1998 to 1.8% in 2006 while consumer credit climbed from \$5,221 per capita to \$9,828. Together, these factors stimulated spending in retail stores.

2. See *Canadian Economic Accounts Quarterly Review*, Statistics Canada, Catalogue no. 13-010-XIE, Fourth quarter 2006, <http://www.statcan.ca/english/freepub/13-010-XIE/13-010-XIE2006004.htm> (accessed June 15, 2007).

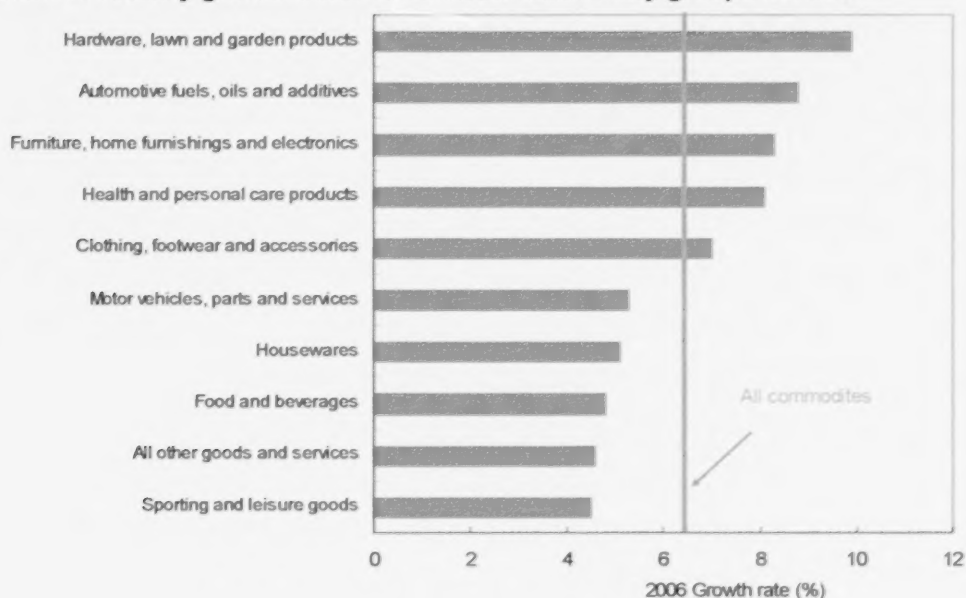
Chart 1 Automotive fuels, oils and additives continued to claim more of the retail dollars in 2006

Source: Statistics Canada, CANSIM table 080-0018.

Of every \$100 of spending in retail stores last year, consumers spent about \$22 on motor vehicles, parts and services, \$22 on food and beverages and \$10 on automotive fuels, oil and additives, the three major categories of spending. This compares with only \$3 out of every \$100 on sporting and leisure goods, and \$2 on non-electric housewares. All other categories of commodities got about \$9 each.

With prices rising again at the pump, consumers likely noticed that they had to continue to budget much more on gasoline last year. For every \$100 spent in retail stores in 2006, consumers spent \$3.50 more on automotive fuels oils and additives than they did in 1998, and \$2.50 less on food and beverages.

On a yearly basis, each Canadian spent \$1,144 on automotive fuels, oil and additives, more than double their allocation of \$528 only nine years earlier. In contrast, each Canadian spent about 25% more for food in 2006 than they did in 1998, paying \$2,585 per capita on average – a result of the interaction over time between food inflation and food expenditure relative to other retail items.

Chart 2 Healthy growth rates for all retail commodity groups in 2006

Source: Statistics Canada, Cansim table 080-0018.

Sales rise fastest in hardware, lawn and garden products

Canada's ongoing housing boom kept things busy for retailers of building materials last year. In 2006, sales of hardware, lawn and garden products, including lumber and other building materials, had the fastest growth rate of all commodity groupings. Sales for this group surged 9.9% to \$27.3 billion. That's an average of \$836 on a per capita basis.

Looking deeper into details showed that sales of hardware and home renovation products surged 9.2% to \$21.5 billion. Sales of lumber and other building materials, which are closely linked to the vitality of the construction sector, increased 12.2%.

The main factors that contributed to strong demand for housing were the dynamic economy in western Canada, combined with interprovincial migration, increases in employment, international immigration and relatively low mortgage rates.

Gains in retail sales associated with housing were reflected in an annual increase of 8.5% in total investment in residential construction in 2006.³ Investment in new housing was responsible for the biggest contribution of that strong demand in housing, increasing 9.2% to \$40.7 billion.

Meanwhile, investments in renovation increased by 8.7% to \$32.0 billion, representing 40.1% of total residential construction investment last year.

3. See « Residential construction investment », *The Daily*, Statistics Canada, March 5, 2007, <http://dissemination.statcan.ca/Daily/English/070305/d070305b.htm> (accessed June 15, 2007).

Table 1 Market share distribution of hardware, lawn and garden products by selected sectors, Canada, 1998, 2005 and 2006

Sector	Market share (%)		
	1998	2005	2006
Building and outdoor home suppliers	72.3	74.5	74.4
General merchandise stores	16.1	14.8	14.7
All other sectors	11.6	10.7	10.9

Source: Statistics Canada, special tabulation, Distributive Trades Division.

Building and outdoor home suppliers have always dominated in terms of market share in the hardware, lawn and garden products sector. They accounted for over 70% of the market share during the whole period under study despite competition from other retailers.

Between 1998 and 2006, the market share of building and outdoor home suppliers rose from 72.3% to 74.5%. However, 2006 market share remained virtually unchanged, dropping only a tenth of a percentage point. Still, this relatively small market share decrease between 2005 and 2006 equalled the amount of \$27 million.

The main losers in this sector were general merchandisers, whose market share fell from 16.1% in 1998 to 14.7% last year. This decline occurred mostly in lawn and garden and patio furniture sales. However, between 2005 and 2006, the market share for general merchandisers was stable.

All the other trade groups combined lost market share during the eight-year period, but their proportion still hovered at around 11% of the total.

Automotive fuels, oils and additives growth rate cut in half in 2006

Consumers felt it in their wallets every time they stopped at the pump last year. Sales of automotive fuels, oils and additives surged 8.8% last year to a record high of \$37.3 billion.

While this gain was sizeable, it pales in comparison to increases in recent years. In 2005, for example, the growth rate was 18.2%, while in 2000, it was 27.7%, the fastest growth rate ever.

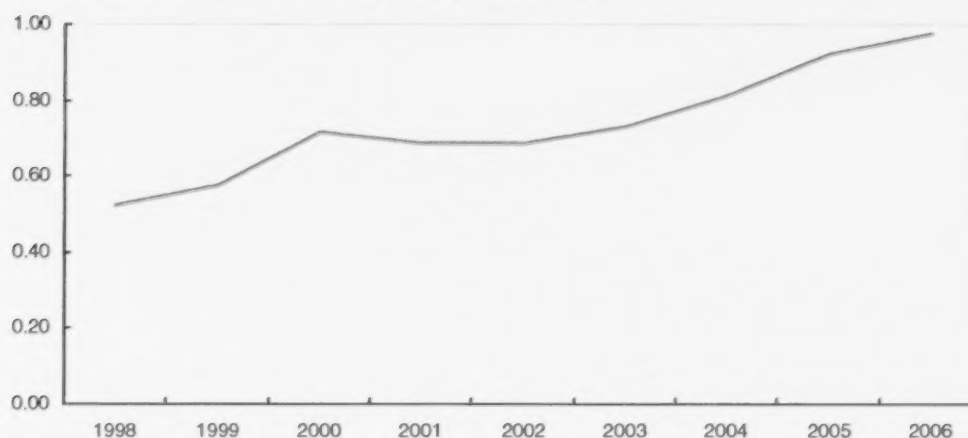
For every \$100 spent in retail stores last year, consumers spent \$3.50 more on automotive fuels oils and additives than they did in 1998. On a per capita basis, each Canadian spent \$1,144 on automotive fuels, oil and additives in 2006, up about \$82 from 2005 alone.

Most, if not all, of the increase in sales of automotive fuels, oils and additives can be linked to price fluctuations. The national weighted average price for unleaded regular gasoline at self-service stations in 2006 was 97.7 cents a litre, up 5.8% from 92.3 cents a litre in 2005, according to figures compiled by M.J. Ervin Associates of Calgary. Coincidentally, volume retail sales of motor gasoline, excluding diesel, oils and additives, rose by only 0.4%.⁴

4. See Statistics Canada, CANSIM table, 134-0004.

Chart 3 Average unleaded gasoline retail prices per litre at self-service in Canada growing fast in the last few years

Yearly average price per litre for unleaded gasoline at self-service stations (\$)



Source: M.J. Ervin Associates of Calgary.

No letup in motor vehicles sales

Despite higher costs for fuel, there was no letup in car and truck sales last year. Sales of motor vehicles, parts and services rose 5.3% over 2005 to \$84.3 billion, the strongest annual increase since 2002.

Among all commodity groupings, motor vehicles, parts and services retail sales per capita of \$2,585, matched per capita sales of food and beverages.

Among the factors that may have encouraged consumers to buy more cars in 2006 were higher disposable income, lower interest rates, the introduction of dealer incentive programs such as "employee pricing", and generous financing terms.

Sales of new vehicles, which accounted for 54% of this category, increased by 4.6%. For the sixth straight year, sales of new trucks on a dollar basis increased faster than new car sales.⁵

Sales of used automotive vehicles enjoyed a robust 5.8% increase in 2006, a marked improvement from the negative growth in 2003, 2004 and the lacklustre increase of 1.2% in 2005. Among other reasons, a possible explanation for this increase could be the age of the used vehicles sold. The supply of off-lease vehicles increased in 2006, according to DesRosiers Automotive Research. Off-lease, off-fleet and import vehicles are one-to-five-year old vehicles that make up the "young" sub-segment of the used vehicle market. These vehicles command higher retail dollars than older vehicles and as a result may have generated the increase in revenues.

5. See Ashley Ker, "New Motor Vehicle Sales: 2006 in Review", *Analysis in Brief*, May 2007, Statistics Canada, Catalogue no. 11-621-MIE2007054, <http://www.statcan.ca/english/research/11-621-MIE/11-621-MIE2007054.htm> (accessed June 13, 2006).

Canadians spent more than ever on appliances in 2006

The housing boom, higher levels of disposable income and other factors have also had a major impact on retailers of furniture, home furnishings and electronics. New homeowners, or people who move, tend to spend more on these items than other types of consumers, particularly in the three years after their move.⁶

As a result, these sales rose 8.3% to \$36 billion last year, the strongest increase since 2002. This amounted to an average of \$1,103 for every Canadian. Sales of household appliances alone increased 12.5% over 2005, the strongest gain since the survey began in 1998.

On the other hand, sales of home electronics such as televisions, cameras, computer hardware and software and telephones, rose a modest 4.7% last year.

Even so, consumers still had an appetite for televisions and audio-video equipment, sales of which surged 10.5%, the fastest pace since 2001. Buyers were apparently taking advantage of lower prices, which fell between 5.6% and 17.5% last year for computer equipment and supplies, audio and video equipment, as measured by the Consumer Price Index.

Table 2 Market share distribution of furniture, home furnishing and electronic products for selected sectors, Canada, 1998, 2005 and 2006

Sector	Market share (%)		
	1998	2005	2006
Furniture, home furnishing and electronics stores	62.6	64.4	64.7
General merchandise stores	23.1	19.2	18.7
Building and outdoor home supplies stores	5.7	6.5	6.7
Miscellaneous retailers	4.6	6.1	6.3
All other sectors	4.0	3.8	3.6

Source: Statistics Canada, special tabulation, Distributive Trades Division.

In terms of market share, the main players in this type of commodity grouping are, not surprisingly, the furniture, home furnishing and electronics products stores. These specialty shops accounted for nearly two-thirds (64.7%) of sales in 2006.

Their main competition came from general merchandisers, which include department stores, home and auto supplies stores, warehouse clubs and superstores. They accounted for 18.7% in 2006, but this fell from 19.2% in only a year.

6. See Jane Lin, "On the move with homebuyers: Shopping for furniture", *Analysis in Brief*, May 2004, Statistics Canada, Catalogue no. 11-621-MIE2004012, <http://www.statcan.ca/english/research/11-621-MIE/11-621-MIE2004012.htm> (accessed June 13, 2007).

This loss of 0.5 percentage points from 2005 represented sales of more than \$180 million that was diverted from general merchandisers to the other retail players in this highly competitive sector. These other players include miscellaneous store retailers, such as supply and stationery stores and hobby, toy and game stores.

This decline in market share for general merchandisers continues a long term trend, as they lost 4.5 percentage points of the market between 1998 and 2006. On the other hand, the specialty shops in the furniture, home furnishing and electronic products sector grabbed 2.1 percentage points of the market, while miscellaneous retailers gained almost 1.7 percentage points. Building and outdoor home suppliers gained also a 1.0 percentage point.

Pharmacies regain some lost ground in sales of health and personal care products

Sales of health and personal care products rose 8.1% last year to \$33.0 billion, the fastest pace in four years. Canadian retailers registered sales of \$21.8 billion in prescription and non-prescription drugs, for a 9.5% increase over 2005.

Sales of prescription drugs, which represented over one-half of the spending in health and personal care products, rose 10.3% to \$17.7 billion. Interestingly, according to the Canadian Institute for Health Information, the cost to Canadians for all physician services in 2005 was not a great deal higher at \$19.4 billion. By contrast, expenditures for hospitals (mainly through the public health care system) were \$44.1 billion.⁷

Sales of over-the-counter drugs and vitamins were up 6.3% to \$4.0 billion in 2006. On a per capita basis, each Canadian last year spent an average of \$1,012 on health and personal care products. Of this, \$543 went to prescription drugs and \$124 on non-prescription drugs.

Sales of personal care, health and beauty products, such as cosmetics, toilet paper and shaving cream, rose 5.2% in 2006. Together these items represent about 30% of the sales of this commodity grouping.

Many factors can be involved when explaining the increase in retail sales of prescription drugs. They include variations in the price of existing drugs, the introduction of new drugs, and an increase in demand. According to IMS Health (Canada), the number of retail prescriptions dispensed in 2006 increased by 6.8% with Canadian prescription orders rising over the 400 million prescriptions mark for the first time ever.

7. See *Health Care in Canada*, Canadian Institute for Health Information, 2006, http://secure.cihi.ca/cihiweb/dispPage.jsp?cw_page=AR_43_E (accessed June 15, 2007).

Table 3 Market share distribution of health and personal care products for selected sectors, Canada, 1998, 2005 and 2006

Sectors	Market share (%)		
	1998	2005	2006
Pharmacies and personal care stores	70.9	66.0	67.9
Food and beverage stores	13.9	16.5	15.0
General merchandise stores	13.1	16.2	15.9
All other sectors	2.1	1.3	1.2

Source: Statistics Canada, special tabulation, Distributive Trades Division.

The growing trend to diversification of the Canadian retail sector has been evident in the sales of health and personal care products in the last few years, with the involvement of general merchandisers and food stores in pharmaceutical sales.

Between 1998 and 2005, the market share of pharmacies and personal care stores in health and personal care products fell from 70.9% to 66.0%. However, they regained some lost ground last year as their share rebounded to 67.9% at the expense of food and beverage stores.

General merchandisers, who increased their market share from 13.1% in 1998 to 16.2% in 2005, saw it slip in 2006 to 15.9%.⁸

Pharmacies and personal care stores regained ground in all components of the health and personal care products commodities in 2006.

Clothing, footwear sales surge

Sales of clothing, footwear and accessories surged 7.0% to \$32.5 billion in 2006, the fastest gain in nine years. This surge resulted in the equivalent of \$997 for each Canadian on a per capita basis. The increase was due to a higher volume of sales, as prices in all clothing and footwear categories declined in 2006.

While clothing sales rose 6.1%, this was only half the gain of 12.1% in sales of luggage and jewellery. Footwear sales were up 7.8%.

In women's clothing, sales of skirts, pants, blouses, sweaters and other tops and bottoms (the largest component of this category) rose 7.0% from 2005. On the male side, suits, sports jackets and blazers, which had experienced declining year-over-year sales since 2000, gained a solid 7.2% in 2006.

Proportionately, consumers spent almost twice as much on women's clothing as they did on men's clothing. Of every \$100 in spending in this category, \$57 went to women's wear, \$30 to men's clothing and \$12 to children's.

8. For more detailed analysis about the competition for these products, see Guillaume Dubé, "Competing for Retail Drug Market", *Analysis in Brief*, September 2006, Statistics Canada, Catalogue no. 11-621-MIE2006048, <http://www.statcan.ca/bsolc/english/bsolc?catno=11-621-M&CHROPG=1> (accessed June 13, 2006).

Table 4 Market share distribution of clothing, footwear and accessories for selected sectors, Canada, 1998, 2005 and 2006

Sector	Market share (%)		
	1998	2005	2006
Clothing and accessories stores	63.0	66.1	66.5
General merchandise stores	30.7	25.5	24.8
Miscellaneous retailers	4.7	6.3	6.4
All other sectors	1.6	2.1	2.3

Source: Statistics Canada, special tabulation, Distributive Trades Division.

Clothing and accessories stores are by far the main players in this category. In 1998, they already represented 63.0% of total sales. By 2006, this market share had risen to two-thirds (66.5%).

In contrast, general merchandisers continued to lose market share. The decline of 0.7 percentage points in 2006 was equivalent to diverting nearly \$228 million to the competition. Between 1998 and 2006, their market share shrank by a huge 5.9 percentage points.

General merchandisers fed Canadians more than ever

Food stores still overwhelmingly dominate the sales of food and beverages. However, general merchandisers have been competing hard with them in the last few years and appear to have made some inroads.

Overall, sales of food and beverages hit a record high \$84.3 billion in 2006, up 4.8% from 2005.

Food sales alone, which accounted for almost 73% of this commodity grouping, increased 4.5%, slightly slower than the record pace of 5.1% in 2004. Sales of non-alcoholic beverages rose 7.2%, the strongest increase since 2004, while alcoholic beverages rose a modest 5.5%. (The price of food purchased from stores rose 2.3% on average in 2006, according to the Consumer Price Index.)

On average, each Canadian spent \$1,810 on food at retail stores in 2006, \$152 for non-alcoholic beverages, and \$527 for alcoholic beverages. Consumers last year devoted 7.3% of their disposable income to food purchases, down one percentage point from 1998.

Table 5 Market share distribution of food and beverage products for selected sectors, Canada, 1998, 2005 and 2006

Sector	Market share (%)		
	1998	2005	2006
Food and beverages stores	87.7	86.9	86.0
General merchandise stores	7.4	8.9	9.6
All other sectors	4.9	4.2	4.4

Source: Statistics Canada, special tabulation, Distributive Trades Division.

Growing diversity among retailers is also a key factor in the food sector. In 2006, food and beverage stores continued to lose ground to general merchandisers. In 2006 alone, they lost nearly a full percentage point in market share, virtually equivalent to their total loss between 1998 and 2005.

On the other hand, the market share in food and beverage products for general merchandisers rose from 7.4% to 9.6% between 1998 and 2006. This gain was the equivalent of almost \$1.9 billion in sales for these stores for 2006.

Excluding beverages, particularly alcoholic beverages, the gain in market share for general merchandise stores was even more pronounced.

Table 6 Market share distribution of food only for selected type of stores, Canada, 1998, 2005 and 2006

Type of store	Market share (%)		
	1998	2005	2006
Supermarkets	78.3	77.4	76.5
Convenience and specialty food stores	8.9	8.5	8.5
General merchandise stores	8.4	10.2	10.9
All other types of stores	4.5	3.9	4.1

Source: Statistics Canada, special tabulation, Distributive Trades Division.

Sporting and leisure goods: general merchandisers gain market share

General merchandisers have also managed to gain market share in the sporting and leisure goods category. In 1998, they accounted for 28.9% of sales of these products; by 2006, this market share had reached nearly one-third (32.4%).

The main losers were stores in the miscellaneous category, such as sporting goods stores, as well as hobby, toy and game stores. They lost 2.9 percentage points in market share between 1998 and 2006.

Sales of sporting and leisure goods rose 4.5% in 2006 to \$13.3 billion. Within this category, sales of sporting goods, the largest component, increased 6.6%, the fastest increase since 2000.

Sales of toys, games and hobby supplies (which include electronic games and game systems) rose 8.2%, the strongest annual increase since 2001. Books, newspapers and other periodicals registered a modest 2.1% increase, while pre-recorded CDs, DVDs and video and audio tapes edged up only 0.2%.

Table 7 Market share distribution of sporting and leisure products for selected sectors, Canada, 1998, 2005 and 2006

Sector	Market share (%)		
	1998	2005	2006
Miscellaneous retailers	55.6	51.9	52.7
General merchandise stores	28.9	32.6	32.4
Food and beverage stores	5.7	6.5	5.6
Furniture, home furnishings and electronics stores	4.3	5.1	5.3
All other sectors	5.5	3.9	4.0

Source: Statistics Canada, special tabulation, Distributive Trades Division.

Miscellaneous categories

Sales of housewares, such as tableware, kitchenware and household cleaning supplies, rose 5.2% to \$7.9 billion in 2006, the highest growth rate since 2002.

This is another commodity grouping where food and beverage stores lost ground in 2006, as their share of the market declined from 29.6% in 2005 to 27.8% in 2006. Again, general merchandisers were the main benefactor, as their market share rose from 42.5% in 2005 to 43.4% in 2006.

Noticeably, sales of tobacco products dropped 2.9% in 2006, the third consecutive annual decline. According to the monthly Survey on Production and Disposition of Tobacco Products, Canadian manufacturers sold 33% fewer cigarettes in 2006 compared to the previous year, and 25% less fine cut manufactured tobacco.

This decline in sales of tobacco products could be the result of various factors, such as the ban on smoking in bars and restaurants in various provinces, as well as health concerns and pharmaceutical association guidelines regulating sales in pharmacies.

Retail trade sectors: Most money spent in the automotive sector

This study analyzed total retail sales on the basis of 8 major retail trade sectors. It found that Canadian consumers spent more money in the automotive than in any other sector.

Of total retail sales of \$390.6 billion last year, the automotive sector—which includes new and used car dealers, gasoline stations and part dealers—accounted for just over one-third (34.2%), or roughly \$133.7 billion.

In second place were food and beverage stores, where consumers spent just over \$88.0 billion, or 22.5% of the total. And in third place were general merchandise stores, with sales of nearly \$47.6 billion, or 12.2% of the total.

These market shares changed little between 2005 and 2006. The biggest change appeared in the food and beverage stores which were down by 0.7 of percentage point. Pharmacies and personal care stores showed the biggest increase with 0.3 of a percentage point.

Using another source of data, the Monthly Retail Trade Survey, a provincial breakdown analysis of sales by trade groups can be found in "Retail Trade: How the Provinces Fared in 2006".⁹

Note to reader

Readers are cautioned that various types of retail stores may sell a range of goods that extends beyond the broad classifications used for the purpose of this report. As a result, the value of their sales does not necessarily reflect the total value of sales of the principal commodities listed in their classification.

For example, estimates for sales at supermarkets do not necessarily reflect all sales of food in Canada. Other trade groups, such as convenience and specialty food stores and general merchandisers, are also involved in food retailing. They account for at least one-quarter of food sales in retail stores.

At the same time, about one-fifth of sales at supermarkets consist of products other than food and beverages. These include household paper products, toiletries and non-prescription drugs.

Also, the Quarterly Retail Commodity Survey (QRCS) total sales are benchmarked at the trade group level to the Monthly Retail Trade Survey (MRTS) sales estimates. An exception to this is the General Merchandise Stores sector as QRCS includes the sales of department store concessions while MRTS does not. This situation explains the difference in the total sales estimates published June 26, 2007 with those in this paper.

9. See Lucy Chung et al., "Retail Trade: How the Provinces Fared in 2006", *Analysis in Brief*, Statistics Canada Catalogue No. 11-621, June 2007, <http://www.statcan.ca/english/research/11-621-MIE/11-621-MIE2007057.htm> (accessed July 3, 2007).

Table 8 Retail sales by trade sectors, Canada, 2005 and 2006

Trade sector	2005		2006	
	Sales	Market share	Sales	Market share
	\$ thousands	%	\$ thousands	%
Automotive	125,173,780	34.1	133,650,618	34.2
Furniture, home furnishings and electronics stores	25,323,010	6.9	27,599,949	7.1
Building and outdoor home supplies stores	22,561,038	6.1	24,754,446	6.3
Food and beverage stores	85,668,829	23.3	88,029,219	22.5
Pharmacies and personal care stores	23,642,694	6.4	26,070,291	6.7
Clothing and accessories stores	21,050,587	5.7	22,648,782	5.8
General merchandise stores	44,770,205	12.2	47,586,584	12.2
Miscellaneous retailers	18,992,363	5.2	20,295,837	5.2
Total	367,182,509	100.0	390,635,726	100.0

Source: Statistics Canada, Quarterly Retail Commodity Survey, CANSIM table 080-0019.